

Zintel Annual Report 09



OVERVIEW

Established in 1995 and listed on the NZAX in November 2003, Zintel Group Limited is comprised of three businesses: Zintel Communications, Zintel Enterprise and Zintel Payments. Zintel Communications offers business customers a range of telecommunications services, including Toll and Toll free services in Australia and New Zealand. Zintel Enterprise provides and supports integrated communications solutions including telephony and maintenance services for large government, corporate and other enterprises using technology from Aastra, Alcatel-Lucent, Juniper, GMT and ASC. Zintel Payments provides payment technology products and services.

OUR HERITAGE

Originally formed to implement and manage both simple and complex Toll free services in New Zealand, Zintel Group has expanded its strategic direction through the acquisition of relevant businesses and careful identification of market growth opportunities.

Zintel expanded its operations into Australia through the acquisition of a successful national network services provider and enhanced its market offering by purchasing the Enterprise business from Ericsson Enterprise New Zealand in 2000. Recent acquisitions have included the customer base of Concert Telecom Australia in July 2007 and the business and assets of Commspec New Zealand, a leading reseller of small and medium-sized enterprise telephony solutions, in June 2008. Zintel Payments was established in January 2009, adding payment technology products and services to the Group's capability.

Future strategic opportunities are constantly reviewed, all with an eye to improving Zintel's solutions range and increasing value for customers.

OUR PEOPLE

At Zintel, we strive to build long-term relationships with our customers by combining our customer-focused expertise with industry-leading technology and support services. Starting with a small and dedicated team of five people in 1995, the Group now employs over 120 full-time business and operations professionals across New Zealand and Australia.

ZINTEL COMMUNICATIONS

Zintel Communications Limited and Zintel Communications Pty Limited provides a range of telecommunications services, including Toll free and Toll services in New Zealand and Australia respectively. The business purchases network services from various operators on a wholesale basis and does not invest in any network or switching infrastructure.

Zintel Communications provides value-added services through a consultative account management approach and unique reporting solutions. Zintel Communications are experts in designing solutions for Toll free 0800 and 0508 in New Zealand and 1800, 1300 and 13 in Australia, from conception through to implementation. Our specialist Toll free service includes on-going analysis and detailed call management reporting.

Central to the service offering is the unique in-house billing and reporting services platform, referred to as TWINS. TWINS allows the business to manage all telecommunications billing together with reporting and contact information management for its customers in New Zealand and Australia.

ZINTEL ENTERPRISE

Zintel Enterprise designs, implements and supports integrated communications solutions for small and medium sized enterprises (SME) to large corporate and government organisations. Solutions include tailoring small and large traditional PBX or IP-based telephone systems, integrated complex call centre solutions, VoIP (voice over internet protocol), workforce management and voice and data integration.

The Enterprise product portfolio includes global leading telephony solutions from Aastra, the GMT Planet Workforce Management suite for contact centres, Juniper data-networking products and, following the Commspec acquisition, Alcatel-Lucent and Samsung telephony.

Our expertise and experience is backed by leading technology from Zintel's global partners. Our solutions are designed to achieve our customers' business goals, improve the efficiency and cost effectiveness of communications systems and are future-proofed.

Enterprise customers also benefit from peace of mind that comes with a locally managed provider that is committed to providing 24 hour, nationwide, best-in-class integrated solutions, support and service. Enterprise supports some of New Zealand's largest and most mission critical call centres.

ZINTEL PAYMENTS

Zintel Payments is the exclusive New Zealand importer and distributor for Hypercom EFTPOS terminals, supplied through a nationwide network of resellers. Hypercom provides world leading EFTPOS technology and has a leading share of installed terminals in New Zealand.

Message from the Chairman

Dear Shareholders

We are pleased to present the annual report for Zintel Group Limited to 31 March 2009.

The year in review shows that the Group has achieved revenue from continuing operations of \$39.13m, up on the \$37.15m for the prior year primarily due to increased revenue in the New Zealand Enterprise business. This produced net profit before tax of \$3.42m, on par with \$3.49m last year. Performance for the first half year to 30 September 2008 was sound with net profit before tax of \$1.86m however, as expected, the Group experienced a weaker second half of \$1.56m.

Pleasingly, profit from continued operations is similar to last year's result and net profit after tax of \$2.29m is slightly ahead of last year's \$2.27m due to lower tax this year.

Net profit to 31 March 2009 represents earnings of 4.55 cents per share (4.50 cps). Positive cash flow from operating activities of \$4.78m (\$2.86m) resulted in cash and investments of \$8.58m (\$6.98m) at balance date with no term debt or bank liabilities. During the year Zintel acquired the business of Commspec in New Zealand and a customer database in Australia, both of which were settled in cash.

DIVIDEND

The Company's Directors have declared a final dividend for the financial year ended 31 March 2009 of 1.00 cps, carrying full imputation credits of 0.49 cps. This brings the full year dividend to 3.00 cps net, plus imputation credits of 1.48 cps, making a gross dividend of 4.48 cps.

This represents 66% of the profit for the year, against a policy of paying at least 40% of profits to shareholders in the form of dividend. The Directors continue to consider the balance of dividends level to our shareholders whilst being mindful of economic uncertainty and retaining cash reserves to invest in growth opportunities.

TRADING CONDITIONS

Zintel operates three businesses: Zintel Communications which manage Toll and Toll free in New Zealand and Australia respectively; Zintel Enterprise in New Zealand which provides business telephony and software solutions, together with maintenance and support services; and Zintel Payments providing payment technology products and services.

The telecommunications industry continues to be challenging with intense competition, reducing margins and increasing expenses. In this environment it is encouraging the Group has maintained profit levels in line with the prior year, although individual business unit performance has been mixed.

The Australian Communications business has again grown profitability in the last year which is positive given the industry challenges being faced. However profit from the New Zealand Communications business declined as it has yet to arrest the customer shrinkage and was particularly hard hit by the loss of its largest customer last November.

Enterprise enjoyed a considerably better year in a business that has lumpy revenues. The Commspec business has now been successfully integrated and operates within Enterprise. Although Commspec required further investment during the year, we are comfortable with this acquisition and the rationale behind it.

GROWTH OPPORTUNITY

In January 2009, the Group announced its appointment as the exclusive New Zealand distributor for Hypercom EFTPOS terminals. We are working through bank certification and expect to be approved and selling terminals shortly. This new business activity is expected to at best break even for the year ended 31 March 2010, but should add significant profit in 2011 and beyond. This year it will require cash investment in inventory, debtors and capital equipment.

BOARD COMPOSITION

During the year Peter Revell retired as a Director due to personal health reasons and is currently on leave of absence as Group Managing Director. During this time Paul Connell is acting in the role of Executive Director. We wish Peter a speedy recovery and at this time have not considered appointing an additional director.

OUTLOOK

Business as usual projections for the year ended 31 March 2010 suggest a Group profit similar to the year just ended, although trading conditions are most uncertain and we are at the mercy of the economy and exchange rates. It should be noted that a considerable proportion of profit is generated from interest income on cash invested (\$433k to 31 March 2009) and this income is reducing as interest rates fall.

The ambition of the Directors remains to grow the Group and we continue to be on the lookout for acquisition and investment opportunities. Zintel is committed to operating in both the Australian and New Zealand markets, and to offer a wider range of products and services as opportunities emerge or are created. The Group has a strong balance sheet, remains profitable and is cash flow positive which augurs well during a recession.

The Annual General Meeting has been set for Tuesday 25th August 2009.

In closing, I would like to acknowledge and publicly thank our dedicated employees for their commitment, enthusiasm and loyalty in what has been a challenging year.

A handwritten signature in black ink, appearing to read 'NP Gordon', with a long horizontal stroke extending to the right and a large loop at the bottom.

Nick Gordon
Chairman

Zintel Group Limited - Board of Directors and Executive Team



NICK GORDON | CHAIRMAN OF THE BOARD

Nick established Zintel Group in 1995 and is currently the Chairman of the Board. Nick was born and educated in Christchurch and has over thirty years experience in business management, with sales and marketing expertise in the fields of telecommunications and technology. He has also gained valuable experience from his role as a company director of several publicly listed companies over the last 16 years. Nick is also the principal shareholder of Zintel Group through family interests.



PAUL CONNELL, CA, AMInSD | ACTING EXECUTIVE DIRECTOR

Paul joined the board of Zintel Group Limited in October 2003 and is Chairman of the Audit and Risk Committee and currently an acting member of the Executive Team. He is currently acting in an executive role with responsibility for New Zealand operations during the absence of the Group Managing Director for health reasons.

Paul brings widespread business experience to Zintel Group with over 27 years experience in corporate finance, management consulting and chartered accountancy and on the board of listed and unlisted companies. During his business career, Paul has advised listed company boards, state-owned enterprises, public bodies and private companies. His focus has been on strategic planning, management, mergers and acquisitions, financial structuring and raising capital.

Paul is a member of the public practise college of the New Zealand Institute of Chartered Accountants and is an accredited member of the Institute of Directors in New Zealand.



JOHAN SCHOLTZ | GENERAL MANAGER ZINTEL COMMUNICATIONS AUSTRALIA

Johan was appointed to the Board in March 2008, and is also a member of the Executive Team.

Johan has a background of senior management in the finance and technology sectors with over 20 years of international business experience. He has been a director of both private and publicly listed companies and is currently a director of the Group's Australian subsidiary companies.

In his role as General Manager for Australia, Johan is responsible for the overall performance of the Communications business within Australia.



ALF WALLIS, CA | CHIEF FINANCIAL OFFICER ZINTEL GROUP

Alf joined Zintel Group in May 2002 and is a member of the Executive Team.

Alf is a qualified chartered accountant and brings over 20 years experience in financial management, accounting and company administration to Zintel Group Limited. In his role as Chief Financial Officer and Company Secretary, he is responsible for overseeing the financial and company administration operations for Zintel in both New Zealand and Australia.

Governance Statement

ROLE OF THE BOARD OF DIRECTORS

The Board is elected by shareholders and has overall responsibility for the proper direction and control of the Group's activities.

This responsibility includes:

- Identification and control of the Group's business risks;
- Integrity of management information systems and reporting to shareholders;
- Approval of all material transactions relating to the Group;
- Reviewing all strategic plans and approval of annual budgets and monitoring progress against plans and budgets; and,
- Monitoring the performance of the group managing director and ensuring that adequate succession plans for senior management are in place.

While the Board acknowledges that it is responsible for the overall control framework of the Group, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based upon established procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility, sound risk management and the careful selection and training of qualified personnel.

BOARD COMPOSITION

The Board currently comprises three directors; two are non-executive, however one non-executive director is currently acting as Executive Director for an interim period. The Company's constitution allows for the appointment of up to seven directors. The size of the Board may be increased as the business grows and the need for further skills and contributions from directors are identified.

In recruiting further directors the Board will consider the skills required to contribute towards the management of the business and corporate governance. All three directors are experienced as directors of companies listed on the New Zealand Exchange. Each year one third of the directors retire by rotation. Eligible directors may be re-elected.

The maximum total director fee remuneration of non-executive directors is set by shareholders at the annual meeting. Non-executive directors will receive remuneration for duties above and beyond the requirements of a director. Details of their remuneration are fully disclosed in the annual report. Executive directors do not normally receive director fees above their executive remuneration, however one director is currently acting in an executive role. The directors will not be paid retirement benefits by the Board. The Board encourages directors to have a shareholding in the company.

GROUP MANAGEMENT STRUCTURE

Zintel has moved to a business unit management structure which provides clear accountability for Zintel Communications New Zealand, Zintel Enterprise New Zealand and Zintel Communications Australia. IT and finance services are shared across these and Group entities.

BOARD MEETINGS

The Board meets a minimum 11 times per annum and may meet more frequently if there is business to be conducted. Any director may call a meeting at any time with five days notice. Such meetings may be held in person or by teleconference.

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives and staff, specifying business standards and ethical considerations in conducting its business with stakeholders.

BOARD COMMITTEES

The Board has two standing committees that focus on specific areas of the Board's responsibilities. Both committees meet at regular times during the year, with additional meetings convened when required.

AUDIT AND RISK MANAGEMENT COMMITTEE

This committee operates under a charter approved by the Board. The committee is accountable to the Board for addressing the recommendations of the external auditors and the adequacy of the external audit function. The committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's annual report. This committee is responsible for reviewing all accounting policies adopted by the Group and is required to approve recommendations to the Board for changes in accounting policy. The committee reviews all risk management assessments made by the Group and is responsible for ensuring that all risks are monitored and managed on a regular basis. The membership of the audit and risk committee is no fewer than two directors and at least one member must have financial expertise. The audit and risk committee meets at least twice per year. A non-executive director, who is not the Chairman of the Board, chairs the audit and risk committee.

REMUNERATION COMMITTEE

This committee operates under a charter and makes recommendations to the Board on remuneration policies and packages applicable to the group managing director and senior executives of the Group. This committee is also responsible for overseeing and setting remuneration policy and practices across the Group. The remuneration committee makes recommendations to the full Board on the remuneration of non-executive directors. The membership of the remuneration committee is no fewer than two directors. The remuneration committee meets at least twice per year.

INSURANCES

The company undertakes an annual review of both its insurance programme and any residual uncovered risk. The Group has indemnity insurance for officers and directors (refer Indemnifications and insurance of officers and directors).

CONFLICT OF INTEREST POLICY

A director is required to disclose to the Board any actual or potential conflict of interest. Except where authorised by the company's constitution and the Listing Rules of NZX Limited, the conflicted director may not vote at a meeting where the relevant issues are discussed, or be counted in a quorum.

SHARE DEALING

The Group has adopted a code of conduct applying to the share dealings by directors, company officers and employees. Directors, officers and employees are generally limited to trading in the Group's shares during periods that follow the announcement of the Group's half yearly and annual results. All requests for trades in the Group's shares must be approved in advance of the trades.

2009

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The Financial Statements presented on pages 9 to 42 are signed for and on behalf of the Board and were authorised for issue on the date set out below.



N P (Nick) Gordon
29 May 2009



P A (Paul) Connell
29 May 2009

AUDITORS' REPORT

To the shareholders of Zintel Group Ltd

We have audited the financial statements on pages 9 to 42. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 March 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 13 to 21.

DIRECTORS' RESPONSIBILITIES

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 March 2009 and their financial performance and cash flows for the year ended on that date.

AUDITORS' RESPONSIBILITIES

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied, and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditors, tax advisors and providers of other assurance services.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

IN OUR OPINION:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 9 to 42:
 - (i) comply with generally accepted accounting practice in New Zealand
 - (ii) comply with International Financial Reporting Standards
 - (iii) give a true and fair view of the financial position of the Company and Group as at 31 March 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 29 May 2009 and our unqualified opinion is expressed as at that date.



Chartered Accountants Auckland

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Revenue from continuing operations	5	39,138	37,147	-	-
Other income	6	434	558	867	1,047
Employee benefits expense	7	(10,920)	(9,911)	(629)	(625)
Depreciation and amortisation expense	7	(825)	(714)	(123)	(111)
Cost of purchases for sale		(19,339)	(18,355)	-	-
Other expenses		(5,137)	(5,197)	(234)	(825)
Finance costs	7	69	(37)	71	(37)
Total expenses		(36,152)	(34,214)	(915)	(1,598)
Profit/(loss) from continuing operations before income tax		3,420	3,491	(48)	(551)
Income tax (expense)/credit	8	(1,124)	(1,219)	41	167
Profit/(loss) attributable to members of Zintel Group Limited		2,296	2,272	(7)	(384)
Earnings per share for profit attributable to the ordinary equity holders of the Company during the year:		Cents	Cents		
Basic earnings per share	31	4.55	4.50		
Diluted earnings per share	31	4.55	4.47		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS AS AT 31 MARCH 2009

	Notes	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Assets					
Current assets					
Cash and cash equivalents	9	7,583	6,980	3,136	4,648
Trade and other receivables	10	4,723	5,482	49	111
Inventories	11	1,556	721	-	-
Derivative financial instruments	12	14	-	14	-
Current tax receivables		-	13	16	837
Total current assets		13,876	13,196	3,215	5,596
Non current assets					
Investment in subsidiaries		-	-	1	1
Available-for-sale financial assets	13	1,003	-	1,003	-
Property, plant and equipment	14	1,162	979	337	232
Deferred tax assets	15	646	439	36	35
Intangible assets	16	1,670	1,398	41	19
Total non current assets		4,481	2,816	1,418	287
Total assets		18,357	16,012	4,633	5,883
Liabilities					
Current liabilities					
Trade and other payables	17	5,878	4,916	8,370	7,989
Current tax liabilities		533	-	-	-
Provisions	18	701	630	18	9
Total current liabilities		7,112	5,546	8,388	7,998
Non current liabilities					
Other non current liabilities	25	40	-	-	-
Total non-current liabilities		40	-	-	-
Total liabilities		7,152	5,546	8,388	7,998
Net assets/(liabilities)		11,205	10,466	(3,755)	(2,115)
Equity					
Contributed equity	20	4,168	4,168	4,168	4,168
Reserves	21(a)	(1)	(45)	-	32
Retained earnings	21(c)	7,038	6,343	(7,923)	(6,315)
Total positive/(negative) equity		11,205	10,466	(3,755)	(2,115)

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Group 2008					
Balance at beginning of year		4,168	(59)	5,081	9,190
Dividends provided for or paid	22	-	-	(1,010)	(1,010)
Option convertible note reserve movement	21	-	14	-	14
Profit for the year		-	-	2,272	2,272
Total recognised income and expense for the year		-	14	1,262	1,276
Balance at end of year		4,168	(45)	6,343	10,466
Group 2009					
Balance at beginning of year		4,168	(45)	6,343	10,466
Foreign currency translation reserve movement	21	-	76	-	76
Dividends provided for or paid	22	-	-	(1,641)	(1,641)
Option convertible note reserve movement	21	-	8	-	8
Profit for the year		-	-	2,296	2,296
Total recognised income and expense for the year		-	84	655	739
Transfer of option convertible note reserve	21	-	(40)	40	-
Balance at end of year		4,168	(1)	7,038	11,205
Parent 2008					
Balance at beginning of year		4,168	18	(4,921)	(735)
Dividends provided for or paid	22	-	-	(1,010)	(1,010)
Option convertible note reserve movement	21	-	14	-	14
Loss for the year		-	-	(384)	(384)
Total recognised income and expense for the year		-	14	(1,394)	(1,380)
Balance at end of year		4,168	32	(6,315)	(2,115)
Parent 2009					
Balance at beginning of year		4,168	32	(6,315)	(2,115)
Dividends provided for or paid	22	-	-	(1,641)	(1,641)
Option convertible note reserve movement	21	-	8	-	8
Loss for the year		-	-	(7)	(7)
Total recognised income and expense for the year		-	8	(1,648)	(1,640)
Transfer of option convertible note reserve	21	-	(40)	40	-
Balance at end of year		4,168	-	(7,923)	(3,755)

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

		Group 2009	Group 2008	Parent 2009	Parent 2008
	Notes	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		40,048	37,224	-	-
Payments to suppliers and employees (inclusive of GST)		(34,943)	(33,877)	(883)	(1,353)
		5,105	3,347	(883)	(1,353)
Dividends received		1	1	-	-
Interest received		446	525	312	403
Interest paid		(2)	-	-	-
Income taxes paid		(769)	(1,010)	(250)	(682)
Net cash inflow/(outflow) from operating activities	30	4,781	2,863	(821)	(1,632)
Cash flows from investing activities					
Payment for purchase of business assets (net of cash acquired)	27	(678)	(764)	-	-
Payments for property, plant and equipment	14	(638)	(508)	(235)	(146)
Payments for available-for-sale financial assets	13	(1,000)	-	(1,000)	-
Payments for intangible assets	16	(296)	(253)	(38)	(13)
Proceeds from sale of property, plant and equipment		18	35	-	-
Advances and loans repaid by subsidiaries		-	-	2,107	3,797
Net cash (outflow)/inflow from investing activities		(2,594)	(1,490)	834	3,638
Cash flows from financing activities					
Dividends paid to company's shareholders	22	(1,641)	(1,010)	(1,641)	(1,010)
Net cash outflow from financing activities		(1,641)	(1,010)	(1,641)	(1,010)
Net increase/(decrease) in cash and cash equivalents		546	363	(1,628)	996
Cash and cash equivalents at the beginning of the financial year		6,980	6,581	4,648	3,656
Effects of exchange rate changes on cash and cash equivalents		57	36	116	(4)
Cash and cash equivalents at end of the financial year	9	7,583	6,980	3,136	4,648

The above cash flow statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 March 2009

1. GENERAL INFORMATION

Zintel Group Limited ("the Company") and its subsidiaries (together "the Group") comprises of three businesses: Communications, Enterprise and Payments. The Communications business offers business customers a range of telecommunications services, including Tolls and Toll free calls. The Enterprise business offers Information and Communications Technology (ICT) and contact centre solutions, specialising in Aastra PBXs and phone systems, and installation and maintenance of Enterprise systems. The Payments business is the exclusive New Zealand importer and distributor for Hypercom EFTPOS terminals.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Wilkins Street, Freemans Bay, Auckland. The Company has its primary listing on the New Zealand Stock Exchange and is an issuer in terms of the Financial Reporting Act 1993.

These consolidated financial statements have been approved for issue by the Board of Directors on 29 May 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and parent financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The consolidated and parent financial statements of Zintel Group Limited comply with International Financial Reporting Standards (IFRS).

(i) Entities reporting

The consolidated financial statements ("Group") are for the economic entity comprising Zintel Group Limited and its subsidiaries.

The financial statements for Zintel Group Limited ("Parent") are for the company as a separate legal entity.

The parent company and the consolidated entity are designated as profit oriented entities for financial reporting purposes.

(ii) Statutory base

These financial statements have been prepared in accordance with NZ IFRS, IFRS and the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

(iv) Critical accounting estimates

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and profit within the next financial year are discussed below or otherwise stated in the notes to the financial statements.

Valuation of goodwill: Goodwill is measured at the recoverable amount of the cash-generating unit. Refer to Note 16 for the estimates and assumptions used.

(v) Going concern

The parent company is in a net liability position. The subsidiary companies will continue to support the parent company for the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (vi) Applicable standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2009, but have not been adopted early:

NZ IFRS 8, Operating segments

This standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The expected disclosure impact is still being assessed in detail by management, but the number of reportable segments may change in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The Group will apply NZ IFRS 8 from 1 April 2009.

IAS 1 (Revised), Presentation of financial statements

The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 April 2009.

IAS 27 (Revised), Consolidated and separate financial statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 April 2010.

IFRS 3 (Revised), Business combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.

IFRS 5 (Amendment), Non-current assets held-for-sale and discontinued operations

The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 April 2010.

(b) Principles of consolidation

- (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zintel Group Limited ("Company" or "parent entity") as at 31 March 2009 and the results of all subsidiaries for the year then ended. Zintel Group Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all fully owned by Zintel Group Limited or 100 per cent owned within the Zintel Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The investments in subsidiaries are stated at cost less impairment in the balance sheet of the Parent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (refer to Note 16).

Intercompany transactions, balances and unrealised gains on transactions between intercompanies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in New Zealand dollars, which is the Parent's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

(iii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations, of borrowings, and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, net of GST, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods

The Group recognises revenue in respect of the sale of goods when significant risks and rewards are transferred to the buyer.

(ii) Contracted revenue

Where the outcome of a project can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at balance date, as measured by the proportion that contract costs for work performed to date bear to the total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(iii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction, and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised within equity.

(i) Tax consolidation legislation

Zintel Group Limited and Zintel Communications Limited have formed a tax consolidated group. Following on from this, Zintel Group Limited, as the nominated company in the tax consolidated group, recognises the current tax amounts relating to the consolidated group as if those transactions, events and balances were its own.

(g) Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases

(i) The Group is the lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in "other non-current liabilities". Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(ii) The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

(i) Impairment of non financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than one month from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables, fair value through profit and loss and available-for-sale.

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

(iii) Fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling before the maturity date. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement. Fair value has been determined on market values.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated to allocate their cost over their estimated useful lives, as follows:

Computer equipment	39% to 60%
Office equipment	18% to 39%
Motor vehicles	26%
Leasehold improvements	Over life of lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment (Note 4).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the diminishing value method to allocate the cost over the period of the expected benefit (three to five years).

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

(iv) Customer base

The acquired customer base is recorded at cost at the date of acquisition, based on the discounted cash flows over the estimated useful life of the customers and amortised over the estimated useful life of five years.

(r) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long-service leave

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Certain employees of the Group are entitled to benefits on retirement, disability or death from independent superannuation plans. The plans are considered to be defined contribution plans and receive fixed contributions from the Group with the Group's legal or constructive obligation being limited to these contributions.

Contributions to the defined contribution plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(u) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

Where the Group purchases its equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

(v) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Cashflow

Cash and cash equivalents are considered to be cash on hand, bank current accounts, cash on deposit and bank overdrafts. Cash flows are shown exclusive of Goods and Services Tax (GST).

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

(y) Comparatives

Certain prior year comparative figures have been reclassified to conform to the current year's presentation.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses different methods to measure different types of risk to which it is exposed. These methods include using forward contracts and sensitivity analysis in the case of foreign exchange risk and ageing analysis for credit risk.

The Group and the parent entity hold the following financial instruments:

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Financial assets				
Cash and cash equivalents	7,583	6,980	3,136	4,648
Trade and other receivables	4,723	5,482	49	111
Derivative financial instruments	14	-	14	-
Available-for-sale financial assets	1,003	-	1,003	-
	13,323	12,462	4,202	4,759
Financial liabilities				
Finance leases	64	-	-	-
Trade and other payables	5,878	4,916	8,370	7,989
	5,942	4,916	8,370	7,989

(a) Market risk

(i) Foreign exchange risk

The Group operates in New Zealand and Australia and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian and US dollar.

At 31 March 2009, if the New Zealand dollar had weakened/strengthened by 10% against the Australian and US dollar with all other variables held constant, post-tax profit for the year would have been \$13,595 (2008: \$122,768) higher/lower, as a result of foreign exchange gains/losses on translation of Australian and US dollar bank accounts, foreign currency trade creditors and derivatives.

Net assets would have been \$13,595 (2008: \$122,768) lower/higher, arising from foreign exchange losses/gains on translation of Australian and US dollar bank accounts, foreign currency trade creditors and derivatives.

The Group uses forward contracts to minimise foreign exchange risk for its liabilities with US based suppliers. At 31 March 2009 forward contracts to purchase US\$150,000 were outstanding (2008: \$nil). Currently the Group uses ASB Bank Limited valuations to determine the fair value of the forward contracts. These valuations are reviewed by management.

(ii) Price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. Neither the Group nor the parent entity are exposed to commodity price risk.

The Group's and the parent entity's available-for-sale financial assets are publicly traded on the New Zealand Stock Exchange (NZX).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the impact of increases/decreases of the price index of these financial instruments. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% (2008: nil%) with all other variables held constant.

Consolidated	Impact on post-tax profit		Impact on equity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Index - NZX	35	-	35	-

Parent	Impact on post-tax profit		Impact on equity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Index - NZX	35	-	35	-

Post tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Equity would further increase/decrease as a result of gains/losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

The Group has no borrowings so is only subject to interest rate risk on cash deposits.

At 31 March 2009 the Group had \$6,068,748 (2008: \$6,203,141) deposits at call. The interest rates range from 4.10% to 5.75% (2008: 6.50% to 7.68%).

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

Consolidated 31 March 2009	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+2%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Net assets \$'000	Profit \$'000	Net assets \$'000
Financial assets									
Cash and cash equivalents	7,583	(76)	(76)	152	152	(65)	(65)	65	65
Trade and other receivables	4,723	-	-	-	-	-	-	-	-
AFS financial assets	1,003	18	18	(35)	(35)	-	-	-	-
Derivatives-FVTPL	14	-	-	-	-	27	27	(27)	(27)
Financial liabilities									
Finance leases	64	-	-	-	-	-	-	-	-
Trade and other payables	5,878	-	-	-	-	24	24	(24)	(24)
Total increase/ (decrease)		(58)	(58)	117	117	(14)	(14)	14	14

Consolidated 31 March 2008	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Net assets \$'000	Profit \$'000	Net assets \$'000
Financial assets									
Cash and cash equivalents	6,980	(70)	(70)	70	70	(123)	(123)	123	123
Trade and other receivables	5,482	-	-	-	-	-	-	-	-
Financial liabilities									
Trade and other payables	4,916	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(70)	(70)	70	70	(123)	(123)	123	123

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Parent 31 March 2009	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+2%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Net assets \$'000	Profit \$'000	Net assets \$'000
Financial assets									
Cash and cash equivalents	3,136	(31)	(31)	63	63	(44)	(44)	44	44
Trade and other receivables	49	-	-	-	-	-	-	-	-
AFS financial assets	1,003	18	18	(35)	(35)	-	-	-	-
Derivatives - FVTPL	14	-	-	-	-	27	27	(27)	(27)
Financial liabilities									
Trade and other payables	8,370	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(13)	(13)	28	28	(17)	(17)	17	17

Parent 31 March 2008	Carrying amount \$'000	Interest rate risk				Foreign exchange risk			
		-1%		+1%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Net assets \$'000	Profit \$'000	Net assets \$'000
Financial assets									
Cash and cash equivalents	4,648	(46)	(46)	46	46	(123)	(123)	123	123
Trade and other receivables	111	-	-	-	-	-	-	-	-
Financial liabilities									
Trade and other payables	7,989	-	-	-	-	-	-	-	-
Total increase/ (decrease)		(46)	(46)	46	46	(123)	(123)	123	123

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, available-for-sale financial assets, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only registered trading banks are accepted. For customers, management assesses the credit quality of the customer, taking into account its financial position, past credit history and other factors. The utilisation of credit limits is regularly monitored.

There is no concentration of credit risk with respect to current and non-current receivables, as the Group has a large number of customers.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow.

A summary of cashflow transactions during the year is as follows:

	Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net cash inflow/(outflow) from operating activities	4,781	2,863	(821)	(1,632)
Net cash inflow/(outflow) from investing activities	(2,594)	(1,490)	834	3,638
Net cash outflow from financing activities	(1,641)	(1,010)	(1,641)	(1,010)
Net increase/(decrease) in cash for the year	546	363	(1,628)	996

All trade and other payables have a contractual maturity date within one year. For the maturity date of the lease commitments refer to Note 25.

4. SEGMENT INFORMATION

(a) Description of segments

(i) Primary reporting format Business segments

The Group is organised on a trans-Tasman basis into the following divisions by product and service type:

Zintel Enterprise - Zintel Enterprise is the partner for sales distribution and service of the Aastra Enterprise product portfolio and Alcatel Lucent products and implements and supports advanced IP-PBX and PBX hardware and software solutions in New Zealand.

Zintel Communications - Zintel Communications is a business telecommunications service provider, including Toll free and Toll calling in New Zealand and Australia.

Zintel Leasing - Zintel Leasing Ltd is a wholly owned Zintel subsidiary, which has been established to provide business customers with an in-house option for operating leases of Aastra Enterprise equipment. This company did not trade during the year ended 31 March 2009.

Zintel Payments - Zintel Payments Ltd was incorporated in January 2009 and is the sole New Zealand distributor for Hypercom EFTPOS Terminals.

(ii) Secondary reporting format - Geographical segments

The Group operates in two main geographical areas: New Zealand and Australia.

New Zealand is the home country of the Group. The Group provides Toll free and Toll calling services in both New Zealand and Australia; and sales, distribution and maintenance services for the Aastra Enterprise and Alcatel Lucent products, implementation and support services for advanced IP-PBX and PBX hardware and software solutions, as well as leasing of equipment and sales of EFTPOS terminals in New Zealand.

(b) Primary reporting format - Business segments

Year ended 31 March 2009	Zintel Enterprise	Zintel Communications	Zintel Leasing	Zintel Payments	Total continuing operations	Inter-segment eliminations/unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	13,477	25,627	-	34	39,138	-	39,138
Other income	-	179	-	-	179	255	434
Total segment revenue/income	13,477	25,806	-	34	39,317	255	39,572
Profit before income tax	594	2,920	-	(47)	3,467	(47)	3,420
Income tax expense							(1,124)
Profit for the year							2,296
Segment assets	4,458	8,737	22	566	13,783	4,754	18,357
Total assets							18,357
Segment liabilities	2,405	4,099	-	504	7,008	144	7,152
Total liabilities							7,152
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	769	309	-	22	1,100	274	1,374
Segment items included in the income statement:							
Depreciation and amortisation expense	335	366	-	1	702	123	825
Impairment of inventories (Note 11)	114	-	-	-	114	-	114
Impairment of trade receivables (Note 10)	41	76	-	-	117	-	117

4. SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2008	Zintel Enterprise	Zintel Communications	Zintel Leasing	Total continuing operations	Inter-segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	11,245	25,902	-	37,147	-	37,147
Other income	4	119	-	123	435	558
Total segment revenue/income	11,249	26,021	-	37,270	435	37,705
Profit before income tax	280	3,762	-	4,042	(551)	3,491
Income tax expense						(1,219)
Profit for the year						2,272
Segment assets	3,566	6,540	23	10,129	5,883	16,012
Total assets						16,012
Segment liabilities	2,060	2,903	1	4,964	582	5,546
Total liabilities						5,546
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	404	1,295	-	1,699	159	1,858
Segment items included in the income statement:						
Depreciation and amortisation expense	250	353	-	603	111	714
Impairment of trade receivables (Note 10)	133	50	-	183	-	183

(c) Secondary reporting format - Geographical segments

	Segment revenues from sales to external customers for continuing operations		Segment assets for continuing operations		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	26,655	26,074	11,457	11,439	1,206	722
Australia	12,483	11,073	6,900	4,573	168	1,136
Total	39,138	37,147	18,357	16,012	1,374	1,858

5. REVENUE

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
From continuing operations				
Sale of goods	5,114	4,306	-	-
Sales of services	34,024	32,841	-	-
Total revenue from continuing operations	39,138	37,147	-	-

6. OTHER INCOME

	Group	Group	Parent	Parent
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Interest income	433	557	255	435
Dividend income	1	1	-	-
Management fee	-	-	612	612
Total other income	434	558	867	1,047

7. EXPENSES

	Group	Group	Parent	Parent
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000

Profit before income tax includes the following specific expenses:

Depreciation				
Motor vehicles	79	47	-	-
Office equipment	209	121	6	6
Leasehold improvements	47	3	45	3
Computer equipment	188	243	57	85
Total depreciation	523	414	108	94
Amortisation				
Software and Development costs	221	240	15	17
Customer base	81	60	-	-
Total amortisation	302	300	15	17
Total depreciation and amortisation	825	714	123	111
Finance costs				
Interest and finance charges paid/payable	(69)	37	(71)	37
Net loss/(gain) on disposal of property, plant and equipment	85	(2)	-	-
Rental expense relating to operating leases				
Property rentals	731	649	-	-
Net foreign exchange gain	(143)	(26)	(153)	(26)
Employee benefits				
Wages and salaries, including restructuring costs and termination benefits	10,759	9,774	629	625
Pension costs - defined contribution plans	161	137	-	-
Total employee benefits	10,920	9,911	629	625

Details of auditors' remuneration can be found in Note 23.

8. INCOME TAX EXPENSES

(a) Income tax expense

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Current tax	1,345	1,051	(10)	(157)
Deferred tax	(207)	185	(1)	(10)
Under/(over) provided in prior years - Income tax	(14)	(17)	(30)	-
	1,124	1,219	(41)	(167)
Deferred income tax (credit)/expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 15)	(207)	185	(1)	(10)
	(207)	185	(1)	(10)

(b) Numerical reconciliation of income tax expense

Profit/(loss) from continuing operations before income tax expense	3,420	3,491	(48)	(551)
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective countries	1,026	1,089	(14)	(182)
Tax effect of a change in tax rates	-	34	-	3
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income	112	14	3	8
	1,138	1,137	(11)	(171)
Under/(over) provision in prior years	(14)	(17)	(30)	-
Prior year deferred tax not previously recognised	-	99	-	4
	(14)	82	(30)	4
Income tax expense/(credit)	1,124	1,219	(41)	(167)

The weighted average applicable tax rate was 30.0% (2008: 31.2%). The decrease is caused by a change in the corporation tax rate within New Zealand.

9. CASH AND CASH EQUIVALENTS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Cash at bank and in hand	1,515	776	1	18
Deposits at call	6,068	6,204	3,135	4,630
Total cash and cash equivalents	7,583	6,980	3,136	4,648

10. TRADE AND OTHER RECEIVABLES

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Net trade receivables				
Trade receivables	4,728	5,115	-	-
Provision for doubtful receivables	(283)	(266)	-	-
	4,445	4,849	-	-
Net related party receivables				
Intercompany	-	-	29	15
Net other receivables				
Deposits	15	15	15	15
Interest receivable	-	61	-	61
Staff loans	4	5	-	-
	19	81	15	76
Prepayments				
Prepayments and other receivables	259	228	5	20
Staff loan				
Staff loan for option convertible notes	-	324	-	-
Total trade and other receivables	4,723	5,482	49	111

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impaired receivables

As at 31 March 2009 current trade receivables of the Group with a nominal value of \$282,892 (2008: \$329,329) were impaired. The amount of the provision was \$282,892 (2008: \$265,329). As at 31 March 2009 all impaired current trade receivables of the Group were provided for. As at 31 March 2008 one impaired receivable was not fully provided for as it was assessed that a portion of the receivable was expected to be recovered. There were no impaired trade receivables for the parent in 2009 or 2008.

The ageing of these receivables is as follows:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
2 to 3 months	67	22	-	-
Over three months	216	307	-	-
	283	329	-	-

As of 31 March 2009, trade receivables of \$300,641 (2008: \$287,148) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
2 to 3 months	254	187	-	-
Over three months	46	100	-	-
	300	287	-	-

Movements in the provision for impairment of receivables are as follows:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	266	182	-	-
Provision for impairment recognised during the year	117	183	-	-
Receivables written off against the provision during the year as uncollectible	(97)	(53)	-	-
Unused amount reversed	(3)	(46)	-	-
Balance at end of year	283	266	-	-

The creation and release of the provision for impaired receivables has been included in "other expenses" in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(b) Bad and doubtful trade receivables

The Group has recognised a loss of \$89,484 (2008: \$8,082) in respect of bad and doubtful trade receivables during the year ended 31 March 2009. The loss has been included in "other expenses" in the income statement.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to Note 3 for more information on the risk management policy of the Group.

11. INVENTORIES

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Work in progress:				
Cost	584	91	-	-
Finished goods:				
Cost	1,711	1,255	-	-
Less: provision for obsolescence	(739)	(625)	-	-
Total inventories	1,556	721	-	-

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Forward foreign exchange contracts - held for trading	14	-	14	-
Total derivative financial instruments	14	-	14	-

(a) Instruments used by the Group

The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting. Currently the Group uses the ASB Bank Limited valuations to determine the fair value of the forward contracts. These valuations are reviewed by management.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Bonds	1,003	-	1,003	-
Total available-for-sale financial assets	1,003	-	1,003	-

The Group holds 1,000,000 fixed rate bonds in Fonterra Co-operative Group Limited. The interest rate at balance date is 7.75% (2008: nil). The bonds mature on 10 March 2015.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
At 1 April 2007					
Cost	965	298	-	1,007	2,270
Accumulated depreciation	(593)	(143)	-	(617)	(1,353)
Net book amount	372	155	-	390	917
Opening net book amount	372	155	-	390	917
Additions	137	90	115	166	508
Disposals net of depreciation	-	(32)	-	-	(32)
Depreciation charge	(121)	(47)	(3)	(243)	(414)
Closing net book amount	388	166	112	313	979
At 31 March 2008					
Cost	1,102	303	115	1,173	2,693
Accumulated depreciation	(714)	(137)	(3)	(860)	(1,714)
Net book amount	388	166	112	313	979
Year ended 31 March 2009					
Opening net book amount	388	166	112	313	979
Additions from Business Combination (Note 27)	41	83	-	5	129
Additions	169	112	224	133	638
Disposals net of depreciation	(20)	(15)	-	(26)	(61)
Depreciation charge	(209)	(79)	(47)	(188)	(523)
Closing net book amount	369	267	289	237	1,162
At 31 March 2009					
Cost	1,166	433	339	999	2,937
Accumulated depreciation	(797)	(166)	(50)	(762)	(1,775)
Net book amount	369	267	289	237	1,162

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Office equipment \$'000	Leasehold improvements \$'000	Computer equipment \$'000	Total \$'000
At 1 April 2007				
Cost	31	-	427	458
Accumulated depreciation	(11)	-	(267)	(278)
Net book amount	20	-	160	180
Year ended 31 March 2008				
Opening net book amount	20	-	160	180
Additions	1	115	30	146
Depreciation charge	(6)	(3)	(85)	(94)
Closing net book amount	15	112	105	232
At 31 March 2008				
Cost	32	115	457	604
Accumulated depreciation	(17)	(3)	(352)	(372)
Net book amount	15	112	105	232
Year ended 31 March 2009				
Opening net book amount	15	112	105	232
Additions	14	197	24	235
Disposals net of depreciation	-	-	(22)	(22)
Depreciation charge	(6)	(45)	(57)	(108)
Closing net book amount	23	264	50	337
At 31 March 2009				
Cost	46	312	238	596
Accumulated depreciation	(23)	(48)	(188)	(259)
Net book amount	23	264	50	337

15. DEFERRED TAX ASSETS

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
The balance comprises temporary differences attributable to:				
Provisions	661	342	36	35
Fixed assets	(15)	18	-	-
Intangible assets	-	(115)	-	-
Other	-	194	-	-
	646	439	36	35
Movements:				
Balance at beginning of year	439	624	35	25
Credited/(charged) to the income statement (Note 8)	207	(185)	1	10
Balance at end of year	646	439	36	35
Expected settlement:				
Within 12 months	661	554	36	35
In excess of 12 months	(15)	(115)	-	-
	646	439	36	35

16. INTANGIBLE ASSETS

Group	Customer base \$'000	Goodwill \$'000	Computer software \$'000	Software development costs \$'000	Total \$'000
At 1 April 2007					
Cost	-	-	310	1,060	1,370
Accumulated amortisation	-	-	(235)	(787)	(1,022)
Net book amount	-	-	75	273	348
Year ended 31 March 2008					
Opening net book amount	-	-	75	273	348
Additions	-	-	38	215	253
Acquisition of business assets (Note 27)	403	694	-	-	1,097
Amortisation charge	(60)	-	(46)	(194)	(300)
Closing net book amount	343	694	67	294	1,398
At 31 March 2008					
Cost	403	694	348	1,275	2,720
Accumulated amortisation	(60)	-	(281)	(981)	(1,322)
Net book amount	343	694	67	294	1,398
Year ended 31 March 2009					
Opening net book amount	343	694	67	294	1,398
Additions	-	-	67	229	296
Acquisition of business assets (Note 27)	-	299	12	-	311
Disposals net of amortisation	-	-	(1)	(32)	(33)
Amortisation charge	(81)	-	(47)	(174)	(302)
Closing net book amount	262	993	98	317	1,670
At 31 March 2009					
Cost	403	993	413	1,275	3,084
Accumulated amortisation	(141)	-	(315)	(958)	(1,414)
Net book amount	262	993	98	317	1,670

16. INTANGIBLE ASSETS (CONTINUED)

	Computer software	Software development costs	Total
Parent	\$'000	\$'000	\$'000
At 1 April 2007			
Cost	46	-	46
Accumulated amortisation	(23)	-	(23)
Net book amount	23	-	23
Year ended 31 March 2008			
Opening net book amount	23	-	23
Additions	1	12	13
Amortisation charge	(12)	(5)	(17)
Closing net book amount	12	7	19
At 31 March 2008			
Cost	47	12	59
Accumulated amortisation	(35)	(5)	(40)
Net book amount	12	7	19
Year ended 31 March 2009			
Opening net book amount	12	7	19
Additions	3	35	38
Disposals net of amortisation	(1)	-	(1)
Amortisation charge	(6)	(9)	(15)
Closing net book amount	8	33	41
At 31 March 2009			
Cost	42	47	89
Accumulated amortisation	(34)	(14)	(48)
Net book amount	8	33	41

Amortisation of \$302,000 (2008: \$300,000) is included in "depreciation and amortisation expense" in the income statement.

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment.

A segment level summary of the goodwill allocation is presented below.

2009	New Zealand	Australia	Total
	\$'000	\$'000	\$'000
Zintel Communications Pty Limited	-	694	694
Zintel Enterprise Limited	299	-	299
	299	694	993
2008			
	New Zealand	Australia	Total
	\$'000	\$'000	\$'000
Zintel Communications Pty Limited	-	694	694
Zintel Enterprise Limited	-	-	-
	-	694	694

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial forecasts covering a five year period. Cash flows beyond the five year period is the terminal value of the fifth year.

16. INTANGIBLE ASSETS (CONTINUED)

(b) Key assumptions used for value in use calculations

CGU	Gross margin *		Net growth rate**		Discount rate***	
	2009	2008	2009	2008	2009	2008
	%	%	%	%	%	%
New Zealand	In line with current margins	In line with current margins	5.0	-	15.0	-
Australia	In line with current margins	In line with current margins	2.0	0.5	15.0	15.0

* Budgeted gross margin

** Assumed growth rate is 3%, market decline is assumed to be 1% giving net growth rate of 2% for Australia (2008: 1% growth rate, 0.5% market decline). Assumed growth rate for New Zealand is 5%.

*** Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations for the future. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

Based on these calculations the goodwill is not considered to be impaired.

17. TRADE AND OTHER PAYABLES

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,152	615	-	-
Intercompany advances	-	-	8,212	7,416
Accrued expenses	3,944	3,487	166	272
GST - NZ	153	209	(8)	(23)
GST - Australia	199	154	-	-
Other payables	430	451	-	324
Total trade and other payables	5,878	4,916	8,370	7,989

Intercompany advances are interest free and payable on demand.

18. PROVISIONS

(a) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits	Lease incentives	Make good provision	Total
	\$'000	\$'000	\$'000	\$'000
Group - 2008				
Balance at beginning of year	403	58	18	479
Additional provisions recognised	865	6	15	886
Amounts incurred and charged	(751)	-	-	(751)
Acquired from business combination (Note 27)	16	-	-	16
Balance at end of year	533	64	33	630
Group - 2009				
Balance at beginning of year	533	64	33	630
Additional provisions recognised	957	60	7	1,024
Amounts incurred and charged	(900)	(66)	(33)	(999)
Acquired from business combination (Note 27)	46	-	-	46
Balance at end of year	636	58	7	701
Parent - 2008				
Balance at beginning of year	12	-	-	12
Additional provisions recognised	45	-	-	45
Amounts incurred and charged	(48)	-	-	(48)
Balance at end of year	9	-	-	9
Parent - 2009				
Balance at beginning of year	9	-	-	9
Additional provisions recognised	67	-	-	67
Amounts incurred and charged	(58)	-	-	(58)
Balance at end of year	18	-	-	18

(b) Employee benefits

Employee benefits provision is made up of accrued annual leave, accrued sick leave and long-service leave entitlements.

(c) Lease incentive

Under NZ IFRS, the operating lease incentive received from the landlord must be recognised on a straight line basis over the lease term incorporating escalations in the lease charge over the term of the lease.

(d) Make good provision

One of the Group's leases includes requirements for the Group to restore the leased premises to its original condition (except for normal wear and tear). A provision for the best estimate of the present value of expenditure required to comply with the make good requirements of the lease has been recognised.

Expected payment is upon expiry of the lease in July 2012.

19. IMPUTATION CREDITS

	Through indirect interests in subsidiaries		Through shareholding in parent company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Balances				
Imputation credit account	3,864	4,226	2,782	3,438
Movements				
Imputation credit account				
Balance at beginning of year	4,226	3,964	3,438	3,252
Tax payments, net of refunds	445	759	281	683
Credits attached to dividend distributions	(807)	(497)	(807)	(497)
Intercompany transfers	-	-	(130)	-
Balance at end of year	3,864	4,226	2,782	3,438

20. CONTRIBUTED EQUITY

(a) Share capital

	2009		2008	
	Shares	Shares	Shares	Shares
	Number '000	Number '000	\$'000	\$'000
Group and Parent				
Ordinary shares				
Fully paid	50,490	50,490	4,168	4,168

(b) Ordinary shares

As at 31 March 2009 there were 50,489,746 shares issued and fully paid (2008: 50,489,746). All ordinary shares have equal rights to vote, to dividends and any surplus on winding up.

(c) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The gearing ratios at 31 March 2009 and 31 March 2008 were as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Total borrowings	-	-	-	-
Less: cash and cash equivalents (Note 9)	(7,583)	(6,980)	(3,136)	(4,648)
Net debt	(7,583)	(6,980)	(3,136)	(4,648)
Total equity	11,205	10,466	(3,755)	(2,115)
Total capital	3,622	3,486	(6,891)	(6,763)
Gearing ratio	- %	- %	- %	- %

The Group holds no debt and is cash positive resulting in 0% gearing.
There are no externally imposed capital requirements.

21. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(1)	(77)	-	-
Option convertible note reserve	-	32	-	32
Total reserves	(1)	(45)	-	32

Movements:

Foreign currency translation reserve				
Balance at beginning of year	(77)	(77)	-	-
Currency translation differences arising during the year	76	-	-	-
Balance at end of year	(1)	(77)	-	-

Movements:

Option convertible note reserve				
Balance at beginning of year	32	18	32	18
Increases in the year	8	14	8	14
Transfer to retained earnings	(40)	-	(40)	-
Balance at end of year	-	32	-	32

(b) Nature and purpose of reserves

- (i) Foreign currency translation reserve
Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve, as described in Note 2(d). The reserve is recognised in profit and loss when the net investment is disposed of.
- (ii) Option convertible note
The option convertible notes were cancelled on 17 November 2008 as the options were not exercised by senior management. Accordingly the option convertible note reserve has been transferred to retained earnings.

(c) Retained earnings

Movements in retained earnings were as follows:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	6,343	5,081	(6,315)	(4,921)
Net profit/(loss) for the year	2,296	2,272	(7)	(384)
Dividends paid or provided	(1,641)	(1,010)	(1,641)	(1,010)
Transfer from option convertible note reserve (Note 21a)	40	-	40	-
Balance at end of year	7,038	6,343	(7,923)	(6,315)

22. DIVIDENDS

(a) Ordinary shares

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Final dividend for the year	631	505	631	505
Interim dividend for the year	1,010	505	1,010	505
	1,641	1,010	1,641	1,010

(b) Imputed dividends

The dividends are fully imputed and do not include the final dividend declared for the year ended 31 March 2009, as declared post balance date. Supplementary dividends of \$15,166 (2008: \$8,348) were paid to shareholders not tax resident in New Zealand for which the Group received a foreign investor tax credit entitlement.

Final dividend for 2008 was \$0.0125 per share and the interim dividend for 2009 was \$0.02 per share (2008: both \$0.01 per share).

23. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

(a) Assurance services

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
PricewaterhouseCoopers New Zealand firm				
Audit and review of financial reports and other audit work	108	90	27	9
Other assurance services:				
PricewaterhouseCoopers New Zealand firm				
IFRS accounting services	-	39	-	39
Total remuneration for audit and assurance services	108	129	27	48

(b) Taxation services

PricewaterhouseCoopers New Zealand firm				
Tax compliance services, including review of company income tax returns	20	31	10	6
Total remuneration for PricewaterhouseCoopers	128	160	37	54

24. CONTINGENCIES

As at 31 March 2009 the parent entity and Group had no contingent liabilities or assets (2008: none).

25. COMMITMENTS

As at 31 March 2009 the company had no capital commitments (2008: \$122,000).

(a) Lease commitments: Company as lessee

(i) Operating leases

The Group leases various offices and equipment under non-cancellable operating leases expiring within two to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	817	560	322	255
Later than one year but not later than five years	2,176	146	1,286	-
	2,993	706	1,608	255

(ii) Finance leases

The Group leases various motor vehicles with a carrying amount of \$66,363 (2008: \$nil) under finance leases expiring within three to four years.

	Group 2009 \$'000	Group 2008 \$'000	Parent 2009 \$'000	Parent 2008 \$'000
Commitments in relation to finance leases are payable as follows:				
Within one year	26	-	-	-
Later than one year but not later than five years	41	-	-	-
Minimum lease payments	67	-	-	-
Future finance charges	(3)	-	-	-
Recognised as a liability	64	-	-	-
Representing lease liabilities:				
Current	24	-	-	-
Non-current	40	-	-	-
	64	-	-	-

26. RELATED PARTY TRANSACTIONS

(a) Parent entities

The ultimate parent entity within the Group is Zintel Group Limited.

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: N Gordon; P Connell; J Scholtz and P Revell. All of these persons were also directors during the year ended 31 March 2008. P Revell held office as a director until his retirement on 19 March 2009.

(c) Key management and personnel compensation

Key management personnel compensation for the years ended 31 March 2009 and 2008 is set out below. The key management personnel are all the directors of the Company and the executives reporting directly to the group managing director with the greatest authority for the strategic direction and management of the Company.

	Group 2009	Group 2008
	\$'000	\$'000
Short-term benefits	1,386	1,659
Termination benefits	-	45
Total key management and personnel compensation	1,386	1,704

(d) Other transactions with key management personnel or entities related to them

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below:

(i) Loan transactions and balances

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Loans to key management personnel comprised:				
Unsecured loans	-	324	-	-
Loans advanced from key management personnel				
Unsecured loans	-	324	-	-
Interest revenue from loans	(61)	32	(61)	32

On 5 May 2006 Zintel Communications Limited loaned \$810,000 to senior management to purchase optional convertible notes in Zintel Group Limited. At 31 March 2009, \$nil remains outstanding and all accrued interest income and expense have been reversed (2008: \$324,000) as the optional convertible notes expired on 17 November 2008.

(e) Transactions with related parties

The following transactions occurred with related parties:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000

Other related parties:

Sales of goods and services

N Gordon and P Connell - Directors

Provenco Group - Telecommunication fees	-	42	-	-
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N Gordon and P Connell resigned as directors of Provenco Group on 7 September 2007 and 19 December 2007 respectively. All transactions disclosed with Provenco Group are for the period ending 31 December 2007.

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000

Purchases of services

N Gordon - Director

Gordon family trust - Landlord	355	278	355	278
Artique Limited - Director Fees	70	50	70	50
Artique Limited - Consultancy Fees	14	-	-	-

P Connell - Director

Connell & Associates - Director Fees	45	35	45	35
Connell & Associates - Consultancy Fees	28	9	28	9

J Scholtz - Director (subsidiary)

S Data Investments PTY Limited - Management Services	467	403	23	-
	979	775	521	372

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Other related parties:				
Current payables (purchases of services)				
Artique Limited	14	-	-	-
Connell & Associates	19	12	19	12
S Data Investments PTY Limited	145	110	-	-
	178	122	19	12

All transactions to other related parties relate to companies with common directors and therefore are classified as related parties.

27. BUSINESS COMBINATION

(a) Summary of acquisition - Bluestar Telecoms

On 19 December 2008, Zintel Communications Pty Limited acquired certain business assets of Bluestar Telecoms, a business of Australia Star Communications Pty Limited.

The acquired business assets were integrated with Zintel Communications Pty Limited. The acquired business contributed revenue of \$619,000 to the company for the period from 19 December 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, consolidated revenue for the year ended 31 March 2009 would have been \$40,376,000. It is not possible to separate out profit earnings from the acquired assets as the business was integrated with Zintel Communications Pty Limited on 19 December 2008.

Details of the fair value of the net assets acquired are as follows:

(i) Purchase consideration

	\$'000
Cash paid or payable	247
Direct costs relating to the acquisition	7
Total purchase consideration	254
Fair value of net identifiable assets acquired (refer to (a)(ii) below)	254
Total assets acquired	254

(ii) Assets and liabilities acquired

The assets arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	\$'000	\$'000
Trade receivables	254	254

(b) Summary of acquisition - Downer EDI Engineering Commspec (NZ) Limited

On 1 June 2008 Zintel Enterprise Limited acquired certain business assets of Downer Commspec (NZ) Limited.

The acquired business assets were integrated with Zintel Enterprise Limited. The acquired business assets contributed revenues of \$2,143,000 to the company for the period from 1 June 2008 to 31 March 2009. If the acquisition had occurred on 1 April 2008, consolidated revenue for the year ended 31 March 2009 would have been \$41,710,000. It is not possible to separate out profit earnings from the acquired assets as the business was integrated with Zintel Enterprise Limited on 1 June 2008.

Details of the net assets acquired and goodwill are as follows:

(i) Purchase consideration

	\$'000
Cash paid or payable	375
Direct costs relating to the acquisition	49
Total purchase consideration	424
Fair value of net identifiable assets acquired (refer to (b)(ii) below)	125
Goodwill acquired	299

27. BUSINESS COMBINATION (CONTINUED)

(ii) Assets and liabilities acquired

The assets arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Trade receivables	524	274
Inventories	108	121
Property, plant & equipment	16	129
Computer software	12	12
Trade payables	(120)	(282)
Lease liabilities	-	(83)
Provision for employee benefits	(32)	(46)
Net identifiable assets acquired	508	125

(c) Summary of acquisition - Concert Telecom Pty Limited

On 1 July 2007, Zintel Communications Pty Limited acquired certain business assets of Concert Telecom Pty Limited.

The acquired business assets were integrated with Zintel Communications Pty Limited. The acquired business contributed revenues of \$2,682,000 to the Group for the period from 1 July 2007 to 31 March 2008. If the acquisition had occurred on 1 April 2007, consolidated revenue for the year ended 31 March 2008 would have been \$38,119,000. It is not possible to separate out profit earnings from the acquired assets as the business was integrated with Zintel Communications Pty Limited on 1 July 2007.

Details of the fair value of the net assets acquired and goodwill are as follows:

(i) Purchase consideration

	\$'000
Cash paid or payable	1,086
Direct costs relating to the acquisition	70
Total purchase consideration	1,156
Fair value of net identifiable assets acquired (refer to (c)(ii) below)	59
Total intangible assets acquired	1,097
Goodwill	694
Intangible assets customer base	403
Total intangible assets acquired	1,097
Purchase consideration:	
Cash paid or payable	1,086
Direct costs relating to the acquisition	70
Total purchase consideration	1,156
Less: cash acquired	(392)
Net cash outflow	764

(ii) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	392	392
Trade receivables	479	479
Inventories	15	15
Trade payables	(658)	(658)
Provision for employee benefits	(16)	(16)
Deferred tax liability	(121)	(121)
Contingent liabilities	(32)	(32)
Net identifiable assets acquired	59	59

28. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2b:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2009	2008
			%	%
Zintel Communications Limited	New Zealand	Ordinary	100	100
Zintel Communications Holdings Limited	New Zealand	Ordinary	100	100
Zintel Communications Pty Limited	Australia	Ordinary	100	100
Zintel Enterprise Limited	New Zealand	Ordinary	100	100
Zintel Enterprise Holdings Limited	New Zealand	Ordinary	100	100
Concert Telecom Pty Limited	Australia	Ordinary	100	100
Zintel Leasing Limited	New Zealand	Ordinary	100	100
Zintel Payments Limited	New Zealand	Ordinary	100	-

29. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Declaration of Dividend

Subsequent to year end the Board of Directors declared a final dividend of 1.00 cents per share, a total of \$504,897, with a record date of 12 June 2009 and a payment date of 26 June 2009. The dividends are fully imputed.

30. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Group 2009	Group 2008	Parent 2009	Parent 2008
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) for the year after income tax	2,296	2,272	(7)	(384)
Depreciation and amortisation	825	714	123	111
Write off/loss/(gain) on sale of property, plant and equipment	85	(2)	-	-
Non-cash employee benefits expense - share-based payments	8	14	8	14
Increase in estimated doubtful debts	17	84	-	-
Increase/(decrease) in provision for stock obsolescence	114	(3)	-	-
Bad debts written off	89	8	-	-
Interest expense on option convertible notes	(70)	37	(70)	37
Interest received on option convertible notes	61	(32)	61	(32)
Increase in intercompany account	-	-	(1,743)	(1,436)
Change in operating assets and liabilities, net effects from purchase of business assets	224	(212)	-	-
Forward contract exchange gain	(14)	-	(14)	-
Change in working capital items:				
(Increase)/decrease in trade debtors	387	(11)	61	(33)
(Increase)/decrease in inventories	(949)	(12)	-	-
(Increase)/decrease in prepayments	(29)	(13)	15	41
Increase/(decrease) in GST payable	(11)	(10)	15	(15)
(Increase)/decrease in staff share loans	1	2	-	-
Increase/(decrease) in trade creditors	1,408	(291)	(96)	114
Increase in provision for income taxes payable	546	133	827	(39)
Increase in provision for deferred income tax	(207)	185	(1)	(10)
Net cash inflow/(outflow) from operating activities	4,781	2,863	(821)	(1,632)

31. EARNINGS PER SHARE

	Group 2009	Group 2008		
	Cents	Cents		
(a) Basic earnings per share				
Profit from continuing operations attributable to the ordinary equity holders of the company	4.55	4.50		
(b) Diluted earnings per share				
Profit from continuing operations attributable to the ordinary equity holders of the company	4.55	4.47		
(c) Reconciliations of earnings used in calculating earnings per share				
	Group 2009	Group 2008		
	\$'000	\$'000		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	2,296	2,272		
(d) Weighted average number of shares used as the denominator				
	Group 2009	Group 2008	Parent 2009	Parent 2008
	Number '000	Number '000	Number '000	Number '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	50,490	50,490	50,490	50,490
Adjustments for calculation of diluted earnings per share:				
Convertible notes	-	400	-	400
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	50,490	50,890	50,490	50,890

(e) Information concerning the classification of securities

One million optional convertible notes were issued on 5 May 2006. 600,000 were cancelled when certain senior management left the employment of the Group. The remaining 400,000 were cancelled on 17 November 2008 as the options were not exercised by the remaining senior management.

Convertible notes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The notes have not been included in the determination of basic earnings per share.

Statutory Information

DISCLOSURES

Interests register

Each company in the Group is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests registers for Zintel Group Limited and its subsidiaries are available for inspections at its registered office.

Details of all matters that have been entered in the interests register by individual directors are outlined below and set out in related party information (Note 26). Where a director has declared an interest in a particular entity, as a shareholder and/or director, the declaration serves as notice that the director may benefit from any transactions between the Parent or Group and the identified entities.

Director	Position	Company
N P Gordon	Director and Shareholder	Brackenridge Investments Limited Artique Limited
	Trustee	Gordon Family Trust Waimea Trust The Nandy Trust
	Director	Connell and Associates Limited Mail Holdings Limited Universal Mail New Zealand Limited
P A Connell	Director	Connell and Associates Limited Mail Holdings Limited Universal Mail New Zealand Limited
J A Scholtz	Director and Shareholder	S Data Investments PTY Limited

Directors shareholdings as at 31 March 2009	Non Beneficial ownership	Beneficial ownership
N P Gordon	29,733,030	-
P A Connell	-	172,000
P A Revell	-	62,500
J A Scholtz	-	1,460,481

Information used by the directors

No member of the Board of Zintel Group Limited, or its subsidiaries, issued a notice requesting to use information received in their capacity as directors which would not otherwise have been available to them.

Directors remuneration

Directors remuneration for the year ending 31 March 2009 was:

	Directors Fee \$'000
P A Connell	45
N P Gordon	70

Indemnification and insurance of officers and directors

The Parent indemnifies all directors named in this report, and current and former officers of the Group against all liabilities (other than that to the parent or member of the Group) which arise out of the performance of their normal duties as director or executive officer, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance. The total cost of this insurance during the financial year was \$15,000 (2008: \$16,300).

Directors and subsidiaries

As at 31 March 2009 the directors of Zintel Communications Pty Limited and Concert Telecom Pty Limited were N P Gordon and J A Scholtz.

N P Gordon is the sole director for Zintel Leasing Limited, Zintel Enterprise Limited, Zintel Communications Limited, Zintel Payments Limited and Zintel Enterprise Holdings Limited.

P A Connell is the sole director for Zintel Communications Holdings Limited.

Executive remuneration

The number of employees within the Group receiving remuneration and benefits above \$100,000 are indicated in the following table:

Employee Remuneration	2009	
	Parent	Subsidiaries
100,000 – 109,999		10
110,000 – 119,999		4
120,000 – 129,999		3
130,000 – 139,999		2
140,000 – 149,999		2
150,000 – 159,999		2
160,000 – 169,999		1
180,000 – 189,999		1
190,000 – 199,999		1
220,000 – 229,999	1	1
390,000 – 399,999	1	

Auditors

The principal auditor for the Group is PricewaterhouseCoopers. In addition to audit services, PricewaterhouseCoopers provide tax and advisory services. The remuneration for services provided by PricewaterhouseCoopers for the current financial year was:

	2009		2008	
	Audit \$'000	Other \$'000	Audit \$'000	Other \$'000
Zintel Group Limited and subsidiaries	108	20	90	71

Donations

The Group made no donations during the year (2008: nil).

Changes in accounting policies

There have been no significant changes in accounting policies during the current year. All policies have been applied on a consistent basis throughout the year.

Twenty largest shareholders as at 18 May 2009

Holder Name	No. of shares	%
Nicholas Peter Gordon & Richard Anthony Johnston	29,729,030	58.88
New Zealand Central Securities Depository Limited	3,773,696	7.47
Zylt Investments Limited	1,703,960	3.37
Johannes Adolf Scholtz	1,460,481	2.89
Walter Frederick Holland	1,160,000	2.30
John Harold Wynn Kirkby	1,132,032	2.24
Anthony Charles Waldegrave	700,154	1.39
FNZ Custodians Limited	678,759	1.34
Portfolio Custodian Limited	619,217	1.23
Ronald David Smith	578,838	1.15
Gavin Ronald Walker & Susan Eleanor Walker & William Malcom Patterson	375,000	0.74
Gavin Ronald Walker & Susan Eleanor Walker & William Malcom Patterson	375,000	0.74
Masfen Securities Limited	366,950	0.73
Alfred Laurence Wallis & Deborah Ann Wallis & Cynthia Forbes	302,188	0.60
Ace Finance Limited	259,958	0.51
Christian Family Trust Limited	254,600	0.50
Investit Limited	250,684	0.50
Stephen C Montgomery & Charlotte V Montgomery	229,105	0.45
Custodial Services Limited	221,706	0.44
Ronald Joseph Gillatt	217,000	0.43

Holding ranges	No. of shareholders	%	No. of shares	%
1-1,000	18	5.50	13,519	0.03
1,001-5,000	112	34.25	39,9511	0.79
5,001-10,000	55	16.82	480,658	0.95
10,001-50,000	95	29.05	2,471,495	4.90
50,001-100,000	16	4.90	1,141,675	2.26
100,001 and over	31	9.48	45,982,888	91.07
Total	327	100.00	50,489,746	100.00

Substantial Security Holders	No. of shares	%
N P Gordon	29,733,030	58.89
Gordon Family Trust	29,729,030	58.88
Evan Christian	3,329,217	6.59
Wiltshire Holdings Limited	2,929,217	5.80

Country	No. of shareholders	No. of shares	% of capital
New Zealand	315	47,811,566	94.70
Australia	9	1,501,680	2.97
United Kingdom	2	1,169,000	2.32
United States of America	1	7,500	0.01
Total	327	50,489,746	100.00

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